

SUPPLEMENTARY INFORMATION

WOODFORD COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2003

	Building Fund	Debt Service Fund	SEEK Capital Outlay Fund	Total Nonmajor Governmental Funds
Assets and Resources:				
Cash and cash equivalents	\$ 1,546,850	\$ -	\$ -	\$ 1,546,850
Inventory	-	-	-	-
Accounts receivable				
Taxes - current	-	-	-	-
Taxes - delinquent	-	-	-	-
Accounts receivable	-	34	-	34
Intergovernmental - State	-	-	-	-
Intergovernmental - Indirect Federal	-	-	-	-
Intergovernmental - Direct Federal	-	-	-	-
Prepaid expenses	-	-	-	-
Due from other funds	-	-	-	-
Interest receivable	-	-	-	-
Investments	-	61,138	-	61,138
Total Assets and Resources	\$ 1,546,850	\$ 61,172	\$ -	\$ 1,608,022
Liabilities and Fund Balances:				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued vacation	-	-	-	-
Current portion of accumulated sick leave	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances				
Reserved for:				
Inventory and fixed assets	-	-	-	-
Encumbrances	-	-	-	-
Retirement leave payable	-	-	-	-
Unreserved				
Undesignated, reported in:				
General fund	-	-	-	-
Special revenue funds	-	-	-	-
Building funds	1,546,850	-	-	1,546,850
Capital projects funds	-	-	-	-
Debt service funds	-	61,172	-	61,172
Total Fund Balances	1,546,850	61,172	-	1,608,022
Total Liabilities and Fund Balances	\$ 1,546,850	\$ 61,172	\$ -	\$ 1,608,022

WOODFORD COUNTY SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS**

Year ended June 30, 2003

	<u>Building Fund</u>	<u>Debt Service Fund</u>	<u>SEEK Capital Outlay Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues				
From local sources				
Taxes				
Property	\$ 1,629,444	\$ -	\$ -	\$ 1,629,444
Motor vehicle	-	-	-	-
Utilities	-	-	-	-
Distilled spirits	-	-	-	-
Tuition and fees	-	-	-	-
Earnings on investments	-	34	-	34
Other local revenues	-	-	-	-
Intergovernmental - Intermediate	-	-	-	-
Intergovernmental - State	125,895	529,686	345,180	1,000,761
Intergovernmental - Indirect Federal	-	-	-	-
Intergovernmental - Direct Federal	-	-	-	-
Total Revenues	<u>1,755,339</u>	<u>529,720</u>	<u>345,180</u>	<u>2,630,239</u>
Expenditures				
Instruction	-	-	-	-
Support services:				
Student	-	-	-	-
Instruction staff	-	-	-	-
Direct administrative	-	-	-	-
School administrative	-	-	-	-
Business	-	-	-	-
Plant operation and maintenance	-	-	-	-
Student transportation	-	-	-	-
Central office	-	-	-	-
Facilities and construction	-	-	-	-
Community service activities	-	-	-	-
Other	-	1,725,348	-	1,725,348
Total Expenditures	<u>-</u>	<u>1,725,348</u>	<u>-</u>	<u>1,725,348</u>
Excess (deficit) of revenues over expenditures	1,755,339	(1,195,628)	345,180	904,891
Other Financing Sources (Uses)				
Proceeds from sale of bonds	-	17,865,000	-	17,865,000
Proceeds from sale of fixed assets	-	-	-	-
Operating transfers in	-	1,256,800	-	1,256,800
Operating transfers out	(1,823,174)	(17,865,000)	(345,180)	(20,033,354)
Total Other Financing Sources (Uses)	<u>(1,823,174)</u>	<u>1,256,800</u>	<u>(345,180)</u>	<u>(911,554)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(67,835)	61,172	-	(6,663)
Fund balance, July 1, 2002, as originally stated	1,614,685	-	-	1,614,685
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2003	<u>\$ 1,546,850</u>	<u>\$ 61,172</u>	<u>\$ -</u>	<u>\$ 1,608,022</u>

WOODFORD COUNTY SCHOOL DISTRICT

**COMBINING STATEMENT OF ASSETS, LIABILITIES AND DUE TO/FROM OTHER STUDENT GROUPS –
ACTIVITY FUNDS**

June 30, 2003

	Woodford County High School	Woodford County Middle School	Huntertown Elementary School	Northside Elementary School	Simmons Elementary School	Southside Elementary School	Woodford County Adult Education Center	Woodford County Community Education Center	Totals
Assets									
Cash	\$ 173,308	\$ 48,830	\$ 26,632	\$ 1,190	\$ 2,944	\$ 22,858	\$ 4,056	\$ 109,173	\$ 388,991
Accounts Receivable	<u>6,799</u>	-	-	-	-	-	-	-	<u>6,799</u>
Total Assets	<u>\$ 180,107</u>	<u>\$ 48,830</u>	<u>\$ 26,632</u>	<u>\$ 1,190</u>	<u>\$ 2,944</u>	<u>\$ 22,858</u>	<u>\$ 4,056</u>	<u>\$ 109,173</u>	<u>\$ 395,790</u>
Liabilities and Due to/ from Other Student Groups									
Liabilities:									
Accounts Payable	\$ 2,732	\$ 4,669	\$ -	\$ -	\$ -	\$ 1,727	\$ 35	\$ 4,050	\$ 13,213
Due to/from other student groups	<u>177,375</u>	<u>44,161</u>	<u>26,632</u>	<u>1,190</u>	<u>2,944</u>	<u>21,131</u>	<u>4,021</u>	<u>105,123</u>	<u>382,577</u>
Total Liabilities Due To/From Other Student Groups	<u>\$ 180,107</u>	<u>\$ 48,830</u>	<u>\$ 26,632</u>	<u>\$ 1,190</u>	<u>\$ 2,944</u>	<u>\$ 22,858</u>	<u>\$ 4,056</u>	<u>\$ 109,173</u>	<u>\$ 395,790</u>

WOODFORD COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN DUE TO/FROM OTHER STUDENT GROUPS-- ACTIVITY FUNDS

Year ended June 30, 2003

	Woodford County High School	Woodford County Middle School	Huntertown Elementary School	Northside Elementary School	Simmons Elementary School	Southside Elementary School	Woodford County Adult Education Center	Woodford County Community Education Center	Totals
Revenues from student activities	\$ 489,248	\$ 210,539	\$ 42,915	\$ 26,680	\$ 37,013	\$ 56,793	\$ 8,572	\$ 306,940	\$ 1,178,700
Non-instructional expenses	<u>514,325</u>	<u>213,571</u>	<u>45,316</u>	<u>26,407</u>	<u>39,721</u>	<u>49,275</u>	<u>7,076</u>	<u>339,178</u>	<u>1,234,869</u>
Excess (deficit) of revenues over expenditures	(25,077)	(3,032)	(2,401)	273	(2,708)	7,518	1,496	(32,238)	(56,169)
Fund balance, due to/ from other student groups, July 1, 2002	<u>202,452</u>	<u>47,193</u>	<u>29,033</u>	<u>917</u>	<u>5,652</u>	<u>13,613</u>	<u>2,525</u>	<u>137,361</u>	<u>438,746</u>
Fund balance, due to/from other student groups, June 30, 2003	\$ <u>177,375</u>	\$ <u>44,161</u>	\$ <u>26,632</u>	\$ <u>1,190</u>	\$ <u>2,944</u>	\$ <u>21,131</u>	\$ <u>4,021</u>	\$ <u>105,123</u>	\$ <u>382,577</u>

WOODFORD COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN DUE TO/FROM OTHER STUDENT GROUPS WOODFORD COUNTY HIGH SCHOOL

Year ended June 30, 2003

	<u>Fund Balance</u> <u>July 1, 2002</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
11 th Region Baseball	\$ -	\$ 13,314	\$ 13,068	\$ 246
41 st District Basketball	-	12,576	12,576	-
Academic Team	-	1,276	1,276	-
Advanced Placement	22,396	19,361	38,332	3,425
Art Club	38	415	452	1
Athletic Coke Funds	461	-	-	461
Athletic Trainer	149	1,129	1,278	-
Band	-	76,012	75,846	166
Band Savings	8,215	152	3,614	4,753
Baseball	4,237	8,473	11,474	1,236
Beta Club	455	2,583	2,458	580
Boys Basketball	8,276	12,041	17,995	2,322
Boys Soccer	6,533	14,724	10,674	10,583
Cheerleaders	85	8,640	8,725	-
Chorus	27	962	989	-
Class of 2006	-	2,542	1,628	914
Class of 2005	2,795	5,778	3,758	4,815
Class of 2004	4,302	14,906	15,582	3,626
Class of 2003	7,834	8,392	16,226	-
Class of 2002	1,248	-	1,248	-
Class of 2000	183	-	183	-
Coca-Cola Fund	118	130	150	98
Creative Writing	325	331	266	390
Cross Country	2,482	6,594	4,939	4,137
D. Dinnis Scholarship	-	2,143	-	2,143
Dance Team	378	3,793	3,131	1,040
District Softball	-	1,010	752	258
Drama Club	70	2,990	43	3,017
Drama Production	2,987	2,012	1,734	3,265
Environmental Club (SEEK)	383	1,089	613	859
Extended Campus Program	468	263	491	240
Fellowship Christian Athletes	297	300	528	69
FBLA	478	2,478	2,222	734
FFA	1,340	18,411	13,132	6,619
FHA	538	7,026	6,425	1,139
Football	5,021	38,211	34,194	9,038
French Club	-	227	171	56
Girls Basketball	-	20,520	20,520	-
German Club	53	-	-	53
Girls Soccer	1,504	9,127	6,918	3,713
Girls Soccer Section	-	-	-	-
Golf	2,336	5,400	7,381	355
Guidance Drug Grant	42	-	42	-
Harambi Choir	178	-	177	1
Horticulture Fund	4,595	1,325	2,319	3,601
HOSA (Medical Arts Club)	80	1,675	1,640	115
I.D. Account Fund	15,555	33,496	38,939	10,112
Industrial Arts Club	525	150	188	487
Industrial Arts Fund	72	98	170	-
International	122	2,869	2,546	445

WOODFORD COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN DUE TO/FROM OTHER STUDENT GROUPS WOODFORD COUNTY HIGH SCHOOL - CONTINUED

Year ended June 30, 2003

	Fund Balance July 1, 2002	Receipts	Disbursements	Fund Balance June 30, 2003
Key Club	\$ 1,926	\$ 1,143	\$ 1,442	\$ 1,627
Language Arts Paperbacks	101	-	(30)	131
Language Arts Special Account	41	140	30	151
Library Fund	1,997	590	1,378	1,211
Lost/Damaged Books	-	478	433	45
Mat Maids	390	-	-	390
Medial Club	3,775	3,846	2,920	4,701
Miscellaneous Fund	202	14,551	13,588	1,165
Newspaper	15,722	11,531	9,621	17,632
Parking Lot Fund	2,026	5,423	3,983	3,466
Pep Club 400	768	1,651	916	1,503
Pepsi-Cola Fund	193	-	-	193
Regional Boys Soccer	-	3,242	3,243	(1)
Regional Girls Soccer	-	1,585	1,585	-
SADD Fund	632	2,773	2,684	721
SIMCA	51	-	51	-
Smoking Area	227	-	-	227
Softball	403	14,996	14,266	1,133
Spanish Club	455	250	90	615
Spanish Honor Society	31	456	487	-
Spirit Store	-	29,092	28,986	106
Student Council	1,564	3,409	4,973	-
Student Incentive	616	2,300	2,415	501
Swimming	489	3,358	3,847	-
Technology Account	-	2,000	-	2,000
Tennis	2,470	2,280	3,685	1,065
Textbook Rental	-	32,554	32,556	(2)
Track	4,143	4,311	4,894	3,560
Vo-Ag Fund	2,091	1,335	2,289	1,137
Vo-Ag Savings	37,000	-	-	37,000
Vo-Ag Scholarship Fund	1,782	1,059	2,000	841
Vo-Ag Shop Machines	1,933	11,164	9,610	3,487
Volleyball	228	8,763	8,991	-
W.C. Montgomery Scholarship Fund	4,296	1,950	2,250	3,996
Woodford Singers	2,227	877	1,949	1,155
Woods/Carpentry	843	1,167	1,149	861
Wrestling	830	14,760	15,590	-
Yellow Jacket Camp	3,518	-	3,518	-
Y.E.S. Club	479	191	189	481
Young Farmers	1,822	608	1,265	1,165
Subtotal	202,452	548,777	573,854	177,375
Transfers	-	59,529	59,529	-
	\$ <u>202,452</u>	\$ <u>489,248</u>	\$ <u>514,325</u>	\$ <u>177,375</u>

WOODFORD COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

GENERAL FUND

Year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
From local sources				
Taxes				
Property	\$ 5,323,113	\$ 5,323,113	\$ 5,631,349	\$ 308,236
Motor vehicle	698,269	698,269	713,071	14,802
Utilities	890,000	890,000	1,187,628	297,628
Distilled spirits tax	135,442	135,442	552,384	416,942
Tuition and fees	26,800	23,800	35,951	12,151
Earnings on investments	150,000	150,000	96,191	(53,809)
Other local revenues	49,980	49,980	76,794	26,814
Intergovernmental – state	8,590,141	8,590,141	8,505,162	(84,979)
Intergovernmental – indirect federal	-	-	-	-
Intergovernmental – direct federal	-	-	12,479	12,479
Total revenues	15,863,745	15,860,745	16,811,009	950,264
Expenditures:				
Instruction	10,959,026	10,959,026	10,419,146	539,880
Support services:				
Student	621,377	621,377	582,777	38,600
Instruction staff	624,688	624,688	596,306	28,382
District administrative	1,693,348	1,693,348	612,951	1,080,397
School administrative	960,488	960,488	903,812	56,676
Business	243,437	243,437	233,028	10,409
Plant operation and maintenance	1,708,953	1,708,953	1,704,050	4,903
Student transportation	955,730	955,730	1,045,209	(89,479)
Central office	143,896	143,896	159,678	(15,782)
Community service activities	58,925	58,925	49,757	9,168
Food service operation	-	-	-	-
Other	-	-	1,190	(1,190)
Total expenditures	17,969,868	17,969,868	16,307,904	1,661,964
Excess (deficit) of revenues over expenditures	(2,106,123)	(2,109,123)	503,105	2,612,228
Other Financing Sources (Uses)				
Proceeds from sale of bonds	-	-	-	-
Proceeds from sale of fixed assets	1,800	1,800	2,801	1,001
Operating transfers in	-	-	-	-
Operating transfers out	(77,500)	(77,500)	(27,614)	49,886
Total other financing sources (uses)	(75,700)	(75,700)	(24,813)	50,887
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(2,181,823)	(2,184,823)	478,292	2,663,115
Fund balance, July 1, 2002, as originally stated	2,618,643	2,618,643	2,618,643	-
Prior period adjustment	-	-	(179,680)	(179,680)
Fund balance, June 30, 2003	\$ 436,820	\$ 433,820	\$ 2,917,255	\$ 2,483,435

See independent auditor's report and accompanying notes to financial statements

WOODFORD COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

SPECIAL REVENUE

Year ended June 30, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Motor vehicle	-	-	-	-
Utilities	-	-	-	-
Occupational license fee	-	-	-	-
Tuition and fees	-	-	-	-
Earnings on investments	2,000	2,000	96	(1,904)
Other local revenues	83,048	103,295	86,594	(16,701)
Intergovernmental – state	1,257,958	1,299,894	1,244,161	(55,733)
Intergovernmental – indirect federal	1,303,460	1,295,044	1,325,203	30,159
Intergovernmental – direct federal	-	-	-	-
Total revenues	<u>2,646,466</u>	<u>2,700,233</u>	<u>2,656,054</u>	<u>(44,179)</u>
Expenditures:				
Instruction	2,491,952	2,545,487	2,454,553	90,934
Support services:				
Student	10,066	10,066	9,906	160
Instruction staff	93,313	93,313	87,543	5,770
District administrative	-	-	-	-
School administrative	-	-	-	-
Business	-	-	-	-
Plant operation and maintenance	-	-	-	-
Student transportation	20,937	20,937	44,571	(23,634)
Central office	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Community service activities	107,698	107,930	87,095	20,835
Other	-	-	-	-
Total expenditures	<u>2,723,966</u>	<u>2,777,733</u>	<u>2,683,668</u>	<u>94,065</u>
Excess (deficit) of revenues over expenditures	<u>(77,500)</u>	<u>(77,500)</u>	<u>(27,614)</u>	<u>49,886</u>
Other Financing Sources (Uses)				
Proceeds from sale of bonds	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-
Realized gains and losses and changes in market value	-	-	-	-
Operating transfers in	77,500	77,500	27,614	(49,886)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>77,500</u>	<u>77,500</u>	<u>27,614</u>	<u>(49,886)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, July 1, 2002, as originally stated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2003	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report and accompanying
notes to financial statements

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

WOODFORD COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2003

	<u>CFDA Number</u>	<u>Pass Through Number</u>	<u>Dis- bursements</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Title I - Migrant	84.011	0531-02	\$ 4,500
Title I - Migrant	84.011	0531-03	20,790
Title I	84.010	0531-02	43,293
Title I	84.010	0531-03	287,685
Title I - Part D	84.013	0531-03	22,016
Title V	84.298	0533-03	21,261
Title VI Innovative Education	84.298	0532-02	377
IDEA B Preschool	84.173	0587-02	22,350
IDEA B Preschool	84.173	0587-03	13,790
IDEA B	84.027	0581-02	56,224
IDEA B	84.027	0581-03	416,896
Title IV - Safe and Drug Free Schools	84.186	0590-02	13,528
Title IV - Safe and Drug Free Schools	84.186	0590-03	5,300
Title II - Eisenhower Professional Development	84.281	0530-02	6,750
Title IIA - Teacher Quality	84.367	0710-03	144,559
Title IIC - Vocation Education	84.048	5462-02	662
Title IIC - Vocation Education	84.048	5462-03	23,949
Job Coach Services	84.126	0552-03	20,493
<u>KY Workforce Development Cabinet</u>			
Adult Education - Workplace Essentials	84.002	0535-03	14,755
Adult Education - State Admin Basic	84.002	0535-03	33,906
Adult Education - State Portion	84.002	0535-03	53,033
DAEL Staff Development	84.002	0535-03	2,620
Title III - Limited English Proficient	84.365	0535-03	350
Tech Prep	84.243	0535-03	15,000
Adult Ed - Institutional Corrections	84.002	0535-03	<u>5,430</u>
Total of U.S. Department of Education			<u>1,249,517</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through State Department of Education			
National School Lunch Program	10.555	0575-01-03	311,428
National School Breakfast Program	10.553	0575-01-03	59,717
Passed through the Kentucky Department of Agriculture:			
Food Distribution Program	10.550	N/A	<u>97,029</u>
Total U.S. Department of Agriculture			<u>468,174</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Service Learning Youth Council	93.004	N/A	<u>6,274</u>
Total U.S. Department of Health and Human Services			<u>6,274</u>
Total Federal Financial Assistance			\$ <u>1,723,965</u>

WOODFORD COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year ended June 30, 2003

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Woodford County School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. The District no longer maintains a separate commodities inventory due to changes in program regulations.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I-Summary of Auditor's Results

Section II – Financial Statement of Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

WOODFORD COUNTY SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2003

There were no prior year audit findings.

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Woodford County School District
Lexington, Kentucky

We have audited the financial statements of Woodford County School District as of and for the year ended June 30, 2003 and have issued our report thereon dated September 12, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and state audit requirements.

Compliance

As part of obtaining reasonable assurance about whether Woodford County School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards or state audit requirements.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Woodford County School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Woodford County School District in a separate letter dated September 12, 2003.

This report is intended for the information of members of the Kentucky State Committee for School District Audits, the members of the Board of Education of Woodford County School District, the Kentucky Department of Education management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Carpenter, Mountjoy & Bressler, P.C.

Lexington, Kentucky
September 12, 2003

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Woodford County School District
Lexington, Kentucky

Compliance

We have audited the compliance of Woodford County School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. Woodford County School District's major federal programs are identified in the accompanying schedule of expenditures of federal awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Woodford County School District's management. Our responsibility is to express an opinion on Woodford County School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and state audit requirements. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Woodford County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Woodford County School District's compliance with those requirements.

In our opinion, Woodford County School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of Woodford County School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Woodford County School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contract and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. In addition, the results of our tests disclosed no instances of noncompliance of specific state statutes or regulations identified in Appendix II of the Independent Auditor's Contract - State Audit Requirements.

This report is intended for the information of members of the Kentucky State Committee for School District Audits, the members of the Board of Education of Woodford County School District, the Kentucky Department of Education management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Carpenter, Mountjoy & Brunsley, P.S.C.

Lexington, Kentucky
September 12, 2003

MANAGEMENT LETTER COMMENTS

Members of the Board of Education of
Woodford County School District
Lexington, Kentucky

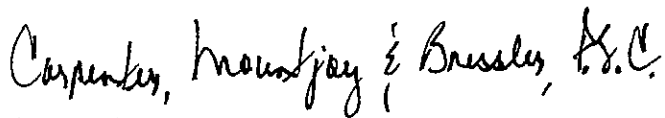
In planning and performing our audit of the financial statements of Woodford County School District for the year ended June 30, 2003, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated September 12, 2003 contains our report on the District's internal control structure. This letter does not affect our report dated September 12, 2003 on the financial statements of the Woodford County School District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and their implementation is currently being reviewed. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Respectfully,

Carpenter, Mountjoy, & Bressler, PSC

A handwritten signature in cursive script that reads "Carpenter, Mountjoy & Bressler, P.S.C.".

Lexington, Kentucky
September 12, 2003

WOODFORD COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER COMMENTS

June 30, 2003

FOOD SERVICE OPERATIONS

Physical Inventory

We performed a physical inventory count of the high school's food items and noted two items were omitted from the inventory report. We recommend that an inventory count be taken monthly by each school and that the inventory counts be reconciled to the final inventory report.

Management's Response

All managers conduct a monthly inventory and that form is attached to their report that is submitted each month. An end of year inventory is also conducted and reconciled. It is our goal to be totally accurate but unfortunately human error sometimes does occur. These errors are taken seriously by the managers and administration. More detailed attention will be made in the future.

WOODFORD COUNTY HIGH SCHOOL

MANAGEMENT LETTER COMMENTS

June 30, 2003

Separation of Duties

During our exit interview with the principal and bookkeeper, it was noted that the bookkeeper opens the bank statements and reconciles the account before the principal checks the bank statement for accuracy. The principal should open all bank statements and check for errors or items that are inconsistent with the schools records before the bookkeeper reconciles the account.

Management's Response

The principal now opens and reviews all bank statements before the bookkeeper reconciles the account.

WOODFORD COUNTY MIDDLE SCHOOL

MANAGEMENT LETTER COMMENTS

June 30, 2003

Separation of Duties

During our exit interview with the principal and bookkeeper, it was noted that the bookkeeper opens the bank statements and reconciles the account before the principal checks the bank statement for accuracy. The principal should open all bank statements and check for errors or items that are inconsistent with the schools records before the bookkeeper reconciles the account.

Management's Response

During the last audit we were informed that I as the principal should open the school bank statement when it arrives in the mail. I should also check for any errors prior to passing the statement on to the bookkeeper. Since we received the information the following procedures are followed. When the statement arrives in the mail I ask Ms. Coakley, the bookkeeper, to meet with me. In her presence I open the bank statement. We review the statement together and then I give her the statement for use in reconciling accounts. We are now working in a collaborative manner in examining the statement.

HUNTERTOWN ELEMENTARY SCHOOL

MANAGEMENT LETTER COMMENTS

June 30, 2003

Cancelled Invoices

During our audit, while testing cash disbursements, we noted that not all paid invoices were cancelled. According to the "Accounting Procedures for Kentucky School Activity Funds", all invoices must be cancelled upon payment. We recommend, that on payment, cancelled invoices bear the check number and date of payment.

Management's Response

All invoices will be cancelled upon payment. Cancelled invoices will bear the check number and date of payment.

Separation of Duties

During our exit interview with the principal and bookkeeper, it was noted that the bookkeeper opens the bank statements and reconciles the account before the principal checks the bank statement for accuracy. The principal should open all bank statements and check for errors or items that are inconsistent with the schools records before the bookkeeper reconciles the account.

Management's Response

The principal will open the bank statement and check for errors or items that are inconsistent before the bookkeeper reconciles the account.

NORTHSIDE ELEMENTARY SCHOOL

MANAGEMENT LETTER COMMENTS

June 30, 2003

Separation of Duties

During our exit interview with the principal and bookkeeper, it was noted that the bookkeeper opens the bank statements and reconciles the account before the principal checks the bank statement for accuracy. The principal should open all bank statements and check for errors or items that are inconsistent with the schools records before the bookkeeper reconciles the account.

Management's Response

The principal will now open bank statements prior to giving the statement to the bookkeeper. The bookkeeper will then reconcile the account.

Dual Signatures

During our audit, we noted an instance where a check did not have dual signatures. According to the "Accounting Procedures for Kentucky School Activity Funds" all checks should be signed by both the principal and the bookkeeper.

Management's Response

Although there was only one incident of a check not having two signatures, the bookkeeper will make sure two signatures are on all checks.

Monthly Financial Reports

During our audit, we noted that the financial statements were not being prepared and submitted timely. The February 2003 financial report was dated April 11, 2003. We recommend that the bookkeeper be responsible for the timely preparation of the monthly financial reports and the principal should review and ensure that timely submissions are made to central office.

Management's Response

All monthly financial reports will be prepared and submitted within the given month effective October, 2003. The August and September 2003 monthly financial reports were not prepared within the given month due to a change in bookkeepers.

SIMMONS ELEMENTARY SCHOOL

MANAGEMENT LETTER COMMENTS

June 30, 2003

Separation of Duties

During our exit interview with the principal and bookkeeper, it was noted that the bookkeeper opens the bank statements and reconciles the account before the principal checks the bank statement for accuracy. The principal should open all bank statements and check for errors or items that are inconsistent with the schools records before the bookkeeper reconciles the account.

Management's Response

The principal opens all bank statements and checks for errors and inconsistent items prior to having the bookkeeper reconcile the account. This is now our established procedure.

Cancelled Invoices

During our audit, while testing cash disbursements, we noted that not all paid invoices were cancelled. According to the "Accounting Procedures for Kentucky School Activity Funds", all invoices must be cancelled upon payment. We recommend, that upon payment, cancelled invoices bear the check number and date of payment.

Management's Response

All paid invoices involving cash disbursements are cancelled upon payment, bearing the check number and date of payment. This is now our established procedure.

SOUTHSIDE ELEMENTARY SCHOOL

MANAGEMENT LETTER COMMENTS

June 30, 2003

Dual Signatures

During our audit, we noted an instance where a check did not have dual signatures. According to the "Accounting Procedures for Kentucky School Activity Funds" all checks should be signed by both the principal and the bookkeeper.

Management's Response

We will work on making sure both signatures are on the checks before mailing them out.

WOODFORD COUNTY ADULT EDUCATION CENTER

MANAGEMENT LETTER COMMENTS

June 30, 2003

None

WOODFORD COUNTY COMMUNITY EDUCATION CENTER

MANAGEMENT LETTER COMMENTS

June 30, 2003

Separation of Duties

During our exit interview with the director and bookkeeper, it was noted that the bookkeeper opens the bank statements and reconciles the account before the director checks the bank statement for accuracy. The director should open all bank statements and check for errors or items that are inconsistent with the schools records before the bookkeeper reconciles the account.

Management's Response

Director will open all statements and check for accuracy prior to bookkeeper receiving.

Financial Reports

During our audit we noted that the ETC activity account had a negative balance at year end. As per the "Accounting Procedures for Kentucky School Activity Funds" no school activity fund shall end the fiscal year with a deficit balance.

Management's Response

Balance has been corrected and bookkeeper is aware of policy and procedures for negative balance.

Dual Signatures

During our audit, we noted five instances where checks did not have dual signatures. According to the "Accounting Procedures for Kentucky School Activity Funds" all checks should be signed by both the principal and the bookkeeper.

Management's Response

Signature will be double checked.